19 October 2016

Datatec Limited

Results for the six months ended 31 August 2016

Datatec Limited ("Datatec" or the "Group", JSE and LSE: DTC), the international information and communications technology (ICT) group, is today publishing its unaudited interim results for the six months ended 31 August 2016 ("the Period" or "H1 FY17").

Half year highlights

- Group revenue $3.04 billion (H1 FY16: $3.29 billion)
- EBITDA $68.9 million (H1 FY16: $80.6 million)
- Gross margin 13.8% (H1 FY16: 13.1%)
- Underlying* earnings per share 12.5 US cents (H1 FY16: 16.6 US cents)
- Interim distribution – one third of underlying* earnings 4.2 US cents (H1 FY16: 8.0 US cents)

Current trading and prospects

- Emerging markets expected to continue their slow recovery
- Maintain internal focus to drive further operating leverage
- Westcon's SAP / BPO transformation expected to end by June 2017
- Underlying* earnings per share for full year FY17 expected to be better than FY16

Jens Montanana, Chief Executive of Datatec, commented:

"The Group's results for the first half of FY17 have been affected by challenging global conditions, with a strong US Dollar continuing to impact translated earnings. There are now however signs of improved confidence in emerging markets and we expect a continued slow recovery in these markets, with more stable currencies.

"Our multi-year investment in Westcon's transformation is entering its final stages with the ERP roll-out and BPO initiative expected to end by June 2017.

"Based on our strengthened position in key markets, we anticipate a sequentially and comparatively better second half of FY17."

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OVERVIEW

Datatec is an international ICT solutions and services group operating in more than 70 countries across North America, Latin America, Europe, Africa, Middle East and Asia-Pacific. The Group's service offering spans the technology, integration and consulting sectors of the ICT market.

Datatec operates two main divisions:

Technology – Westcon: distribution of security, unified communications, networking and data centre products;
Integration – Logicalis: ICT infrastructure solutions and services.

The specialist activities of **Consulting** and **Datatec Financial Services** are included with the corporate head office functions in the "Corporate, Consulting and Financial Services" segment of the Group.

The Group has continued to be adversely affected by the strong US dollar and the continuing challenging global conditions. These factors resulted in reduced Group revenue of $3.04 billion (H1 FY16: $3.29 billion) which reduced EBITDA to $68.9 million (H1 FY16: $80.6 million). Underlying* earnings per share decreased to 12.5 US cents (H1 FY16: 16.6 US cents).

The Board has declared an interim scrip distribution with cash dividend alternative of 4.2 US cents (H1 FY16: 8.0 US cents) per share in line with its previously-published dividend cover policy of three times relative to underlying* earnings.

STRATEGY
Datatec's strategy is to deliver long-term, sustainable and above average returns to shareholders through portfolio management and the development of its principal subsidiaries in technology solutions and services to targeted customers in identified markets.

The Group's businesses are managed on a standalone basis, able to respond quickly to technology changes and focused on collective strategic initiatives based on the Group's shared strategy. Datatec executives contribute actively to the management of the subsidiaries. The key operational imperatives being driven throughout the Group to execute on the strategy are improving operating margins, increasing return on invested capital, growing managed services and embracing new and disruptive cloud technologies.

The Group's focus on modernising Westcon's operations through the implementation of a global SAP ERP system and business process outsourcing ("BPO") has continued in the first half. These two transformation processes are now entering their final phases with scheduled implementations to end by June 2017 whereafter the North America, EMEA and Asia-Pacific regions will be fully on SAP and BPO.

CURRENT TRADING AND OUTLOOK
Global markets appear to have stabilised recently after the precipitous declines in emerging market currencies' exchange rates against the US dollar which adversely impacted the Group's performance in FY16 and H1 FY17.

The macroeconomic environment has now become more favourable for the Group's business operations, with improved confidence in emerging markets expected to underpin a slow recovery in these regions. With its global footprint, the Group remains well positioned to support vendors and customers through scale and wide international coverage.

Technology innovation in the sectors in which the Group operates remains high. The migration to disruptive cloud-based infrastructure delivery is a trend that will require increased managed services and creates demand for networking, security and unified communications solutions, all of which are core activities for Datatec.

Based on current trading and prevailing exchange rates, the Board expects underlying* earnings per share in the second half of FY17 to be sequentially better than in H1 FY17 and also comparatively better than the second half of the previous financial year.

The Board expects that the full year FY17 underlying* earnings per share will be better than the prior year (FY16: 32.0 US cents).

GROUP RESULTS

Revenue
For the six months ended 31 August 2016, revenues were $3.04 billion, down 7.6% compared to the prior comparable period ("H1 FY16").

In constant currency** terms, Group revenues for H1 FY17 decreased by 4.9% to $3.13 billion (H1 FY16: $3.29 billion) with Westcon constant currency** revenues down 8.4% and Logicalis constant currency** revenues up 6.3%.

Revenue contribution by division:

	H1 FY17	H1 FY16
Westcon	74%	76%
Logicalis	25%	23%
Consulting and Financial Services	1%	1%
	100%	100%

Revenue contribution by geography:

	H1 FY17	H1 FY16
North America	35%	35%
Latin America	14%	14%
Europe	33%	32%
Asia-Pacific	11%	10%
Middle East & Africa (MEA)	7%	9%
	100%	100%

Profitability

Gross profit contribution by geography:

	H1 FY17	H1 FY16
North America	30%	28%
Latin America	19%	22%
Europe	33%	32%
Asia-Pacific	13%	10%
MEA	5%	8%
	100%	100%

Group gross margins improved to 13.8% (H1 FY16: 13.1%). Gross profit was $419.8 million (H1 FY16: $430.2 million).

Overall operating costs were $350.9 million (H1 FY16: $349.6 million). Included in operating costs are total restructuring costs of $7.2 million. EBITDA was $68.9 million (H1 FY16: $80.6 million) and EBITDA margin was 2.3% (H1 FY16: 2.5%).

Contribution to Group EBITDA:

	H1 FY17	H1 FY16
Westcon	56%	60%
Logicalis	43%	40%
Consulting and Financial Services	1%	-
	100%	100%

Depreciation and amortisation were higher at $28.2 million (H1 FY16: $24.2 million) on the back of increased capital expenditure and investment in systems in Westcon.

Operating profit was $40.7 million (H1 FY16: $56.3 million).

The net interest charge decreased to $10.3 million (H1 FY16: $11.3 million).

Profit before tax was $34.3 million (H1 FY16: $44.9 million).

The Group's reported effective tax rate for H1 FY17 is 34.0% (H1 FY16: 37.5%). This is higher than the South African rate of 28% due to the profits arising in jurisdictions with higher tax rates, in particular North and Latin America. The higher effective tax rate in H1 FY16 reflected the increased proportion of profits earned in North America, foreign exchange losses in Angola and trading losses in Africa, for which no tax benefit had been recognised.

Underlying* earnings per share ("UEPS") were 12.5 US cents (H1 FY16: 16.6 US cents). Headline earnings per share ("HEPS") were 9.1 US cents (H1 FY16: 12.0 US cents).

Cash

The Group generated $24.2 million of cash from operations during H1 FY17 (H1 FY16: $21.6 million) and ended the period with net debt of $251.7 million (H1 FY16: $145.8 million). The increase in net debt is due to reduced cash earnings and funding of increased working capital and capital expenditure.

Acquisitions

During H1 FY17, the Group made one acquisition. Effective 1 June 2016, Logicalis acquired 100% of the share capital of Lantares Europe, S.L. ("Lantares"), a leader in the implementation of strategic solutions for corporate performance management and information management, in Madrid, Spain. Details of the acquisition are shown in the table below.

Shareholder distribution and dividend policy

During H1 FY17, the Group paid a final scrip distribution with cash dividend alternative in respect of FY16. The total value returned to shareholders in the FY16 final distribution was $19.9 million of which $5.2 million (26.4%) was distributed to shareholders in the form of scrip (1.7 million new shares issued) and $14.7 million (73.6%) was settled in cash to those shareholders who had elected the cash dividend alternative.

The Board has declared an interim scrip distribution with cash dividend alternative of 4.2 US cents (H1 FY16: 8.0 US cents) per share, details of which are set out below. Over the past four years the Board has declared dividends which have amounted to more than one third of underlying* earnings. For this interim dividend and going forward, the Board intends to maintain a fixed three times cover relative to underlying* earnings when declaring dividends.

Gains of $47.5 million (H1 FY16: losses $44.7 million) arising on translation to presentation currency are included in total comprehensive income of $62.8 million (H1 FY16: income $16.8 million).

DIVISIONAL REVIEWS

Westcon

Westcon accounted for 74% of the Group's revenues (H1 FY16: 76%) and 56% of its EBITDA (H1 FY16: 60%).

Westcon is a value added distributor of category-leading security, unified communications, network infrastructure and data centre solutions with a global network of specialty resellers. The division goes to market under the Westcon and Comstor brands.

Westcon operates in more than 60 countries and creates unique programmes and provides support to grow the business of its global partners. Westcon's portfolio of market-leading vendors includes: Cisco, Avaya, Polycom, Juniper, Check Point, F5, Palo Alto and Blue Coat.

Westcon revenue contribution by geography:

	H1 FY17	H1 FY16
North America	36%	37%
Latin America	10%	9%
Europe	34%	33%
Asia-Pacific	11%	10%
MEA	9%	11%
	100%	100%

Westcon gross profit contribution by geography:

	H1 FY17	H1 FY16
North America	26%	26%
Latin America	15%	17%
Europe	37%	33%
Asia-Pacific	13%	11%
MEA	9%	13%
	100%	100%

Westcon revenue by technology category:

	H1 FY17	H1 FY16
Security	38%	33%
Networking	26%	24%
Unified Communications	22%	26%
Data centre and other	14%	17%
	100%	100%

Westcon's revenues were $2.3 billion (H1 FY16: $2.5 billion) with lower results across all regions except Asia-Pacific. Constant currency** sales were 8.4% lower.

Gross margins were 10.5% (H1 FY16: 10.1%) with higher margins in Europe, North America and Asia-Pacific. The increase is largely attributable to product mix with growth in security sales. Gross profit was $236.5 million (H1 FY16: $253.7 million) on the back of lower revenues.

Operating expenses were reduced to $193.6 million (H1 FY16: $201.4 million). The 4% decrease is due to lower foreign exchange losses in Angola and a reduction in bad debt expense offset by higher restructuring expense and increased people costs. Operating expenses as a proportion of revenue increased to 8.6% (H1 FY16: 8.0%).

Restructuring expenses of $7.0 million (H1 FY16: $5.2 million) were incurred, mainly in EMEA and Asia-Pacific, relating to the BPO transformation, to deliver future improvements in operating efficiency. The scope of the BPO project in North America has now been finalised and is expected to result in $2.7 million of restructuring charges in FY17 and $3.7 million in FY18, with an estimated payback period of under 3 years.

EBITDA was $42.9 million (H1 FY16: $52.3 million) with lower results in Latin America, North America and Asia-Pacific. EBITDA margins were 1.9% (H1 FY16: 2.1%), with lower margins in Latin America and Asia-Pacific. Operating profit was $27.6 million (H1 FY16: $39.5 million).

Net working capital days decreased to 27 days (H1 FY16: 28 days) with improved inventory turns. Increased capital expenditure and the further purchase of $7.5 million Angola government bonds (bringing the total held to $17.5 million) resulted in an increase of $90.0 million in net debt to $248.6 million.

Of the $16.1 million incurred in capitalised development expenditure during H1 FY17, the majority is attributable to the SAP ERP system transition, cloud development and digital transformation.

The BPO and SAP transformational initiatives will end by June 2017.

Westcon is well positioned to benefit from its global reach, continued growth in security and mobile networks, investments in its cloud practice as well as improving conditions in emerging markets.

Logicalis
Logicalis accounted for 25% of the Group's revenues (H1 FY16: 23%) and 43% of its EBITDA (H1 FY16: 40%).
Logicalis is an international IT solutions and managed services provider with expertise in IT infrastructure and networking solutions, communications and collaboration, data centre, cloud solutions and managed services.

Logicalis revenue contribution by geography:

	H1 FY17	**H1 FY16**
North America	31%	32%
Latin America	26%	29%
Europe	32%	31%
Asia-Pacific	11%	8%
	100%	100%

Logicalis gross profit contribution by geography:

	H1 FY17	**H1 FY16**
North America	36%	30%
Latin America	25%	30%
Europe	27%	31%

Asia-Pacific	12%	9%
	100%	100%

Revenue was $757.2 million (H1 FY16: $751.4 million), including $0.9 million of revenue from the acquisition made during the Period. Services revenues were up 9% with strong growth in both professional services and annuity revenue.

Revenue increases in continental Europe and Asia-Pacific were offset by decreases in North and Latin America. Latin America was adversely impacted by weaker trading conditions in Brazil and currency translation effects in the region. In Europe, the UK results were impacted by the completion of a long-term contract with the Welsh Assembly Government and the continuing restructuring of the UK operation.

Revenues from product were down 2%, with decreases in the major vendors, Cisco, HP and IBM, offset by strong growth in other vendor categories including Oracle, NetApp, VMWare and ServiceNow.

Gross margins were 23.2% (H1 FY16: 22.5%), benefiting from the improved services mix.

Gross profit was up 4% to $175.4 million (H1 FY16: $169.2 million) and operating expenses increased by 7%. EBITDA was $33.0 million (H1 FY16: $35.5 million), with a corresponding EBITDA margin of 4.4% (H1 FY16: 4.7%). Operating profit was $20.3 million (H1 FY16: $24.4 million).

Logicalis acquired Lantares during H1 FY17 and also took responsibility for the Via Group which was internally transferred from the Consulting Division.

Working capital remained well controlled with debtors days outstanding of 50 days (H1 FY16: 52 days) and a positive net cash position of $11.3 million was maintained despite $47 million spent on acquisitions since H1 FY16.

Logicalis continues to have a contingent liability in respect of a possible tax liability at its PromonLogicalis subsidiary in Brazil.

The ICT market is adjusting to a transition to cloud-based infrastructure solutions. Logicalis continues to adapt its go-to-market model and develop its services to address this change.

The global market for IT products and services remains strong and Logicalis is seeking to build on its position in higher growth segments such as analytics and security. There are early signs of a recovery in Brazil, with backlog improving.

Corporate, Consulting and Financial Services
This segment accounted for 1% of Group revenues (H1 FY16: 1%).

The Consulting unit comprised: Analysys Mason, a provider of strategic, trusted advisory, modelling and market intelligence services to the telecoms, media and technology industries; and Mason Advisory, an independent and impartial IT consultancy providing related strategic, technical and operational advice to the public and private sectors.

Consulting revenues were $22.3 million (H1 FY16: $23.7 million) with growth in Mason Advisory contributing to a divisional EBITDA of $1.1 million (H1 FY16: EBITDA loss $0.5 million including the Via Group).

On 14 September 2016, Datatec's shareholding in Mason Advisory reduced to 42.5% and accordingly it will be equity accounted in H2 FY17.

Datatec Financial Services is continuing its development of financing/leasing solutions for ICT customers through proof of concept to business model and growth prospects. The business recorded revenues of $1.2 million in H1 FY17 (H1 FY16: $0.2 million) and an EBITDA loss of $0.3 million (H1 FY16: loss $0.9 million).

Corporate includes the net operating costs of the Datatec head office entities which were $6.0 million (H1 FY16: $7.7 million). These costs include the remuneration of the Board and head office staff, consulting and audit fees. In addition, foreign exchange losses of $1.7 million (H1 FY16: $2.0 million foreign exchange gains) are included in this segment.

SUBSEQUENT EVENTS AND CHANGES TO THE BOARD OF DIRECTORS

There are no material events arising after the Period to report. The following changes to the Board of directors have taken place since 11 May 2016 and were announced on the Stock Exchange News Service ("SENS") of the JSE but are repeated here in accordance with the JSE Listings Requirements:

Effective 30 May 2016, Ivan Philip Dittrich was appointed to the Board as Chief Financial Officer. Petrus Jurgens Myburgh resigned from the Board on 1 June 2016.

Effective 1 September 2016, Mfundiso Johnson Ntabankulu Njeke joined the Board as an independent non-executive director. Lumkile Wiseman Nkuhlu retired as an Independent non-executive Director at the AGM on 9 September 2016.

SCRIP DISTRIBUTION AND CASH DIVIDEND ALTERNATIVE

1. Introduction

Notice is hereby given that the Board has declared an interim distribution for the six months ended 31 August 2016, by way of the issue of fully paid Datatec ordinary shares of one cent each ("the Scrip Distribution") payable to ordinary shareholders ("Shareholders") recorded in the register of the Company at the close of business on the Record Date, being Friday, 25 November 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 60 RSA cents per ordinary share in lieu of the Scrip Distribution, which will be paid only to those Shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Friday, 25 November 2016 ("the Cash Dividend"). The Cash Dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders not exempt therefrom after deduction of which the net Cash Dividend is 51 RSA cents per share.

The new ordinary shares will, pursuant to the Scrip Distribution, be settled by way of capitalisation of the Company's distributable retained profits.

The Company's total number of issued ordinary shares as at 13 October 2016 is 211 155 492. Datatec's income tax reference number is 9999/493/71/2.

2. Terms of the Scrip Distribution

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such Shareholders have not elected to receive the Cash Dividend) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 25 November 2016) in relation to the ratio that 60 RSA cents bears to the volume weighted average price ("VWAP") of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Thursday, 10 November 2016. Where the application of this ratio gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number, resulting in allocations of whole ordinary shares and a cash payment for the fraction. The applicable cash payment will be determined with reference to the VWAP of an ordinary Datatec share traded on the JSE on Wednesday, 23 November 2016, (being the day on which an ordinary Datatec share begins trading 'ex' the entitlement to receive the Scrip Distribution or the Cash Dividend alternative), discounted by 10%.

Details of the ratio will be announced on SENS in accordance with the timetable below.

3. Circular and salient dates

A circular providing shareholders with full information on the Scrip Distribution and the Cash Dividend alternative including a Form of Election to elect to receive the Cash Dividend alternative will be posted to Shareholders on or about Thursday, 3 November 2016. The salient dates of events thereafter are as follows:

EVENT	**2016**
Unaudited interim financial results of the Datatec Group for the six months ended 31 August 2016 and Scrip Distribution with Cash Dividend alternative released on SENS on	**Wednesday, 19 October**
Circular and Form of Election posted to Shareholders on	**Thursday, 3 November**

Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Thursday, 10 November 2016, by 11h00 (09h00 UK time) on	**Friday, 11 November**
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	**Tuesday, 22 November**
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative on	**Wednesday, 23 November**
Announcement released on SENS by 11h00 in respect of the cash payment applicable to fractional entitlements, based on the volume weighted average price on Wednesday, 23 November 2016, discounted by 10%	**Thursday, 24 November**
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12h00 noon (10h00 UK time) on	**Friday, 25 November**
Record Date in respect of the Scrip distribution and the Cash Dividend alternative	**Friday, 25 November**
Scrip distribution shares issued to shareholders on the South African register and Scrip Distribution, certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	**Monday, 28 November**
Cash Dividend payments made by BACS (direct credit) to shareholders on the Jersey register, Scrip Distribution shares and depositary interests issued to shareholders on the Jersey register, CREST accounts credited with the new Scrip Distribution shares and depositary interests, as applicable, and AIM listing of ordinary shares issued in respect of the Scrip Distribution on	**Monday, 28 November**
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS on	**Monday, 28 November**
JSE listing of ordinary shares in respect of the Scrip Distribution adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution at the commencement of business on or about	**Wednesday, 30 November**

All times provided are South African local times. The above dates and times are subject to change. Any change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place, between Wednesday, 23 November 2016 and Friday, 25 November 2016, both days inclusive.

REPORTING

The unaudited condensed consolidated interim financial statements have been prepared under the supervision of Ivan Dittrich, Chief Financial Officer, and in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Listing Requirements, the AIM Rules for Companies, and the requirements of the South African Companies Act No 71 of 2008.

The accounting policies and methods of computation applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The adoption of certain amendments to existing standards did not have an impact on the accounting policies of the Group.

DISCLAIMER

This announcement may contain statements regarding the future financial performance of the Group which may be considered to be forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty, and although the Group has taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove to have been correct.

The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. It is important to note, that:

(i) unless otherwise indicated, forward-looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;

(ii) actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;

(iii) the Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and

(iv) the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited Listings Requirements and/or the AIM Rules.

On behalf of the Board:

SJ Davidson	**JP Montanana**	**IP Dittrich**
Chairman	*Chief Executive Officer*	*Chief Financial Officer*

19 October 2016

Directors
SJ Davidson°• (Chairman), JP Montanana• (CEO), IP Dittrich (CFO), O Ighodaro°‡, JF McCartney°†, MJN Njeke°, CS Seabrooke°, NJ Temple°•

°Non-executive •British †American ‡Nigerian

** Excluding impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

*** The pro forma constant currency information, which is the responsibility of the Datatec directors, presents the Group's revenue for the current period had it been translated at the average foreign currency exchange rates of the prior period. This information is for illustrative purposes only and because of its nature, may not fairly present the Group's revenues.*

To determine the revenues in constant currency terms, the current financial reporting period's monthly revenues in local currency have been converted to US dollars at the average monthly exchange rates prevailing over the same period in the prior year. The calculation has been prepared for each of the Group's currencies, materially being the British Pound, Euro, Brazilian Real, Australian Dollar, Canadian Dollar, Singapore Dollar, Mexican Peso and South African Rand.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months to 31 August 2016

US$'000	**Unaudited Six months to 31 August 2016**	Unaudited Six months to 31 August 2015	Audited Year ended 29 February 2016
Revenue	**3 036 910**	3 285 932	6 454 782
Continued operations	**3 036 005**	3 285 688	6 401 171
Revenue from acquisitions	**905**	244	53 611
Cost of sales	**(2 617 106)**	(2 855 719)	(5 586 043)
Gross profit	**419 804**	430 213	868 739
Operating costs	**(341 603)**	(340 295)	(691 673)
Restructuring costs	**(7 236)**	(5 261)	(15 285)
Share-based payments	**(2 069)**	(4 087)	329
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**68 896**	80 570	162 110
Depreciation	**(15 562)**	(13 672)	(28 589)
Amortisation of capitalised development expenditure	**(5 913)**	(3 534)	(7 660)
Amortisation of acquired intangible assets and software	**(6 745)**	(6 942)	(15 255)
Intangible impairment	**–**	–	(75)
Goodwill adjustment	**–**	(81)	–
Operating profit	**40 676**	56 341	110 531
Interest income	**2 203**	2 088	3 670
Finance costs	**(12 506)**	(13 349)	(27 549)
Share of equity-accounted investment earnings/(losses)	**250**	(150)	(252)
Acquisition-related fair value adjustments	**3 563**	(14)	1 768

Fair value movements on put option liabilities	**–**	–	22
Fair value adjustment on deferred and/or contingent purchase consideration	**3 563**	(14)	1 746
Other income	**142**	13	266
Profit before taxation	**34 328**	44 929	88 434
Taxation	**(11 657)**	(16 827)	(39 956)
Profit for the period	**22 671**	28 102	48 478
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation to presentation currency	**47 527**	(44 674)	(87 401)
Translation of equity loans net of tax effect	**(7 661)**	(430)	(1 075)
Transfers and other items	**287**	244	64
Total comprehensive income/(loss) for the period	**62 824**	(16 758)	(39 934)
Profit attributable to:			
Owners of the parent	**19 145**	24 384	39 949
Non-controlling interests	**3 526**	3 718	8 529
	22 671	28 102	48 478
Total comprehensive income/(loss) attributable to:			
Owners of the parent	**53 946**	(13 975)	(37 505)
Non-controlling interests	**8 878**	(2 783)	(2 429)
	62 824	(16 758)	(39 934)
Number of shares issued (millions)			
Issued	**211**	205	209
Weighted average	**210**	204	206
Diluted weighted average	**211**	206	207
Earnings per share ("EPS") (US cents)			

Basic	**9.1**	12.0	19.3
Diluted basic	**9.1**	11.9	19.3
SALIENT FINANCIAL FEATURES			
Headline earnings	**19 113**	24 394	40 016
Headline earnings per share (US cents)			
Headline	**9.1**	12.0	19.4
Diluted headline	**9.1**	11.9	19.3
Underlying earnings	**26 122**	33 877	66 160
Underlying earnings per share (US cents)			
Underlying	**12.5**	16.6	32.0
Diluted underlying	**12.4**	16.5	32.0
Net asset value per share (US cents)	**412.2**	413.4	396.7
KEY RATIOS			
Gross margin (%)	**13.8**	13.1	13.5
EBITDA (%)	**2.3**	2.5	2.5
Effective tax rate (%)	**34.0**	37.5	45.2
Exchange rates			
Average Rand/US$ exchange rate	**14.7**	12.4	13.7
Closing Rand/US$ exchange rate	**14.5**	13.3	16.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 August 2016

US$'000	**Unaudited Six months to 31 August 2016**	Unaudited Six months to 31 August 2015	Audited Year ended 29 February 2016
ASSETS			
Non-current assets	**784 039**	705 165	766 142
Property, plant and equipment	**77 048**	73 317	76 204
Goodwill	**463 324**	447 269	462 577
Capitalised development expenditure	**76 612**	53 195	66 411
Acquired intangible assets and software	**54 181**	40 222	59 798
Investments	**23 842**	6 412	16 092
Deferred tax assets	**55 602**	52 243	51 062
Finance lease receivables	**6 780**	–	7 994
Other receivables	**26 650**	32 507	26 004
Current assets	**2 641 694**	2 526 313	2 616 800
Inventories	**420 923**	419 234	434 669
Trade receivables	**1 592 494**	1 478 930	1 510 327
Current tax assets	**19 935**	13 197	12 154
Prepaid expenses and other receivables	**286 884**	244 898	242 744
Finance lease receivables	**5 581**	–	4 052
Cash resources	**315 877**	370 054	412 854
Total assets	**3 425 733**	3 231 478	3 382 942
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**870 366**	848 731	830 366
Share capital and premium	**134 215**	119 592	115 090

Non-distributable reserves	**77 013**	66 759	90 727
Foreign currency translation reserve	**(148 277)**	(143 969)	(182 777)
Share-based payment reserve	**2 480**	1 325	1 733
Distributable reserves	**804 935**	805 024	805 593
Non-controlling interest	**47 932**	38 816	39 054
Total equity	**918 298**	887 547	869 420
Non-current liabilities	**116 479**	118 563	112 645
Long-term liabilities	**27 116**	37 661	21 252
Liability for share-based payments	**5 326**	6 235	5 174
Amounts owing to vendors	**2 798**	2 023	2 762
Deferred tax liabilities	**71 970**	72 196	73 491
Provisions	**8 756**	–	9 215
Other liabilities	**513**	448	751
Current liabilities	**2 390 956**	2 225 368	2 400 877
Trade and other payables	**1 831 899**	1 726 986	1 778 908
Short-term interest-bearing liabilities	**59 079**	66 643	51 461
Provisions	**6 488**	12 416	9 307
Amounts owing to vendors	**4 353**	2 955	7 742
Current tax liabilities	**7 736**	4 832	7 920
Bank overdrafts	**481 401**	411 536	545 539
Total equity and liabilities	**3 425 733**	3 231 478	3 382 942

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months to 31 August 2016

US$'000	**Unaudited Six months to 31 August 2016**	Unaudited Six months to 31 August 2015	Audited Year ended 29 February 2016
Operating profit before working capital changes	**69 989**	84 670	185 687
Working capital changes	**(41 131)**	(40 566)	(59 433)
Decrease in inventories	**581**	7 229	18
Increase in receivables	**(78 285)**	(42 927)	(142 708)
Increase/(decrease) in payables	**36 573**	(4 868)	83 257
Other working capital changes	**(4 673)**	(22 505)	2 816
Cash generated from operations	**24 185**	21 599	129 070
Net finance costs paid	**(9 638)**	(11 261)	(21 176)
Taxation paid	**(21 262)**	(24 286)	(39 876)
Net cash (outflow)/inflow from operating activities	**(6 715)**	(13 948)	68 018
Cash outflow for acquisitions	**(1 854)**	(1 342)	(46 181)
Net cash outflow from other investing activities	**(39 426)**	(24 763)	(73 108)
Net cash inflow/(outflow) from other financing activities	**18 694**	38 672	(29 221)
Net proceeds from shares issued	**–**	–	18 014
Capital distributions and dividends paid to shareholders	**(14 680)**	(8 662)	(22 200)
Net decrease in cash and cash equivalents	**(43 981)**	(10 043)	(84 678)
Cash and cash equivalents at the beginning of the year	**(132 685)**	(22 101)	(22 101)
Translation differences on cash and cash equivalents	**11 142**	(9 338)	(25 906)
Cash and cash equivalents at the end of the period*	**(165 524)**	(41 482)	(132 685)

*Comprises cash resources, net of bank overdrafts.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

for the six months to 31 August 2016

US$'000	**Unaudited Six months to 31 August 2016**	Unaudited Six months to 31 August 2015	Audited Year ended 29 February 2016
Balance at the beginning of the period	**869 420**	912 449	912 449
Transactions with equity holders of the parent			
Comprehensive income/(loss)	**53 946**	(13 975)	(37 505)
New share issues	**–**	–	18 014
Dividends	**(14 680)**	(8 672)	(22 200)
Treasury shares purchased by the share trust	**–**	–	(352)
Share-based payments	**734**	528	1 042
Acquisitions of additional interests from non-controlling interests	**–**	–	517
Transactions with non-controlling interests			
Comprehensive income/(loss)	**8 878**	(2 783)	(2 429)
Acquisitions of additional interests from non-controlling interests	**–**	–	(116)
Balance at the end of the period	**918 298**	887 547	869 420

DETERMINATION OF HEADLINE AND UNDERLYING EARNINGS

for the six months to 31 August 2016

US$'000	**Unaudited Six months to 31 August 2016**	Unaudited Six months to 31 August 2015	Audited Year ended 29 February 2016
Profit attributable to the equity holders of the parent	**19 145**	24 384	39 949
Headline earnings adjustments	**(32)**	10	68
Intangible impairment	**–**	–	75
Profit on disposal of investment	**(14)**	–	–
(Profit)/loss on disposal of property, plant and equipment	**(28)**	15	(9)
Tax effect	**10**	(5)	2
Non-controlling interests	**–**	–	(1)
Headline earnings	**19 113**	24 394	40 016
DETERMINATION OF UNDERLYING EARNINGS			
Underlying earnings adjustments	**8 689**	13 401	32 314
Unrealised foreign exchange (gains)/losses	**(1 092)**	1 665	4 679
Acquisition-related fair value adjustments	**(3 563)**	14	(1 768)
Goodwill adjustment	**–**	81	–
Restructuring costs	**7 236**	5 261	15 285
Amortisation of acquired intangible assets	**6 108**	6 380	14 118
Tax effect	**(1 525)**	(3 690)	(5 898)
Non-controlling interests	**(155)**	(228)	(272)
Underlying earnings	**26 122**	33 877	66 160

CONDENSED SEGMENTAL ANALYSIS

for the six months to 31 August 2016

US$'000	**Unaudited Six months to 31 August 2016**	Unaudited Six months to 31 August 2015	Audited Year ended 29 February 2016
Revenue			
Westcon	**2 256 140**	2 510 597	4 869 592
Logicalis	**757 188**	751 446	1 532 766
Corporate, Consulting and Financial Services	**23 582**	23 889	52 424
Revenue	**3 036 910**	3 285 932	6 454 782
EBITDA			
Westcon	**42 881**	52 257	88 538
Logicalis	**33 021**	35 485	80 947
Corporate, Consulting Services and Financial Services	**(7 006)**	(7 172)	(7 375)
EBITDA	**68 896**	80 570	162 110
Operating profit			
Westcon	**27 643**	39 516	62 212
Logicalis	**20 315**	24 347	56 355
Corporate, Consulting and Financial Services	**(7 282)**	(7 522)	(8 036)
Operating profit	**40 676**	56 341	110 531
Total assets			
Westcon	**2 374 333**	2 277 558	2 311 200
Logicalis	**955 747**	864 092	958 854
Corporate, Consulting and Financial Services	**95 653**	89 828	112 888
Total assets	**3 425 733**	3 231 478	3 382 942

Total liabilities			
Westcon	**(1 798 264)**	(1 700 742)	(1 769 655)
Logicalis	**(664 799)**	(595 849)	(684 826)
Corporate, Consulting and Financial Services	**(44 372)**	(47 340)	(59 041)
Total liabilities	**(2 507 435)**	(2 343 931)	(2 513 522)

Sales and purchases between Group companies are concluded at arm's length in the ordinary course of business. The inter-group sales of goods and provision of services for the six months ended 31 August 2016 amounted to US$57.1 million (H1 FY16: US$43.8 million).

CAPITAL EXPENDITURE AND COMMITMENTS

as at 31 August 2016

US$'000	**Unaudited Six months to 31 August 2016**	Unaudited Six months to 31 August 2015	Audited Year ended 29 February 2016
Capital expenditure incurred in the current period (including capitalised development expenditure)	**32 808**	24 790	63 227
Capital commitments at the end of the period	**22 586**	37 408	45 247
Lease commitments at the end of the period	**149 543**	140 106	158 621
Payable within one year	**35 711**	32 943	36 434
Payable after one year	**113 832**	107 163	122 187

ACQUISITIONS MADE DURING THE PERIOD

as at 31 August 2016

The following table sets out the preliminary assessment of the fair value of assets and liabilities acquired in the acquisition made by the Group during the period. The fair value assessments of assets and liabilities acquired amounts recognised as goodwill and intangible assets have only been determined provisionally due to the timing of the acquisition and future amendments may impact classification in these categories.

ACQUISITION MADE IN H1 FY17	**US$'000**
Assets acquired	
Non-current assets	46
Current assets	1 499
Non-current liabilities	–
Current liabilities	(1 279)
Net assets acquired	**266**
Goodwill	1 303
Fair value of acquisition	**1 569**
Purchase consideration	
Cash	1 569
Total consideration	**1 569**
Cash outflow for acquisitions	
Cash and cash equivalents acquired	285
Cash consideration paid	1 569
Net cash outflow for acquisitions	**1 854**

Effective 1 June 2016, Logicalis acquired Lantares Europe, S.L., a leader in the implementation of strategic solutions for corporate performance management and information management, in Madrid, Spain. As a result of this acquisition, goodwill increased by US$1.3 million. The revenue included from this acquisition in H1 FY17 was US$0.9 million and EBITDA loss of US$0.1 million respectively. Had the acquisition date been 1 March 2016, revenue attributable to this acquisition would have been approximately US$1.8 million for H1 FY17. It is not practical to establish the EBITDA that would have been contributed by the acquisition in H1 FY17 if it had been included for the full period.